FINANCIAL SECRETARIAT

Dated 14th November 1953

CIRCULAR.

No. Fl. (B). 10901-2100—C.R. 23-53-1. The Accountant General, Mysore, Bangalore, has brought to the notice of Government the following irregularities in regard to the submission of Detailed Contingent bills for amounts drawn by departmental officers on A. C. bills :—

(1) In respect of amounts drawn on Abstract Contingent bills, Detailed Contingent bills are sent to the Audit Office even after a lapse of six months to one year. Such delays in the submission of Detailed Contingent bills in respect of aomunts drawn on Abstract Contingent bills are in contravention of the provisions contained in Article 220, Mysore Financial Code, Volume 1, and should be strictly avoided.

(2) Amounts drawn on Abstract Contingent bills and placed at the disposal of Disbursing Officers are sometimes kept by them in the amanath accounts (outside the treasury balance) for long intervals. This procedure being in contravention of the provisions contained in Article 306, Mysore Financial Code, Volume I, should also be discontinued.

(3) In certain cases, amounts are drawn in lumpsum from the treasury at the fag end of the official year without reference to immediate requirements, apparently with a view to avoid lapse of grant. This is highly irregular and contrary to the provisions contained in Article 190 of the Mysore Financial Code, Volume I, and such an irregular and objectionable procedure should be strictly avoided in future.

Government wish to impress on all Drawing and Disbursing Officers the need for strict adherence to the rules laid down in the Codes and any deviation therefrom leading to irregularities of the kind pointed out above will be viewed seriously and suitable disciplinary action will be enforced. The Heads of Departments to whom such irregularities are brought to notice should take prompt action then and there and see that the officers handling public money realise their responsibility.

6110

Dated 16th November 1953.

No. Fl.(B) 11322-422—T.S. 16-53-2. Ordered that the accompanying letter No. F. No. 48(13) I.T.—53, dated the 4th May 1953, from the Under Secretary to the Government of India, Ministry of Finance (Revenue Division), regarding Income-tax Deduction from salaries during 1953-54, be republished in the *Mysore Gazette*, for general information.

By Order and in the name of the Rajpramukh,

N. MADHAVA RAO,
Secretary to Government,
Finance Department.

6111

GOVERNMENT OF INDIA.

Ministry of Finance (Revenue Division).

F. No. 48 (13) I.T.—53.

New Delhi, the 4th May 1953.

From

Shri K. L. Mittal,
Deputy Secretary to the Government of India.

To

All State Governments except Jammu and Kashmir.

Subject.—Income-tax—Deduction from salaries during 1953-54.

Sir,

I am directed to invite a reference to this Ministry's letters C. No. 48(4) I.T.—51, dated the 16th May 1951, and C. No. 48(3) I.T.—52, dated the 22nd March 1952, on the subject of deduction of income-tax from salaries paid during the year 1952-53. The Finance Act, 1953, has effected no change in the rates and allowances, in so far as they relate to income under the head "Salaries":—

(1) The basic rates of income-tax continue to be as follows :—

	Rate	Surcharge
1. On the first Rs. 1,500 of total income...	Nil	Nil
2. On the next Rs. 3,500 of total income ..	Nine pies in the rupee	One-twentieth of the rate specified in the preceding column.
3. On the next Rs. 5,000 of total income	One anna and nine pies in the rupee.	do
4. On the next Rs. 5,000 of total income ...	Three annas in the rupee.	do
5. On the balance of total income ...	Four annas in the rupee.	do

These rates are subject to the conditions that—

(i) no income-tax shall be payable on a total income which, before deduction of the allowance for earned income, does not exceed Rs. 4,200 ;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income (before deduction of the said allowance for earned income) exceeds Rs. 4,200 ;

(iii) the income-tax payable on the total income as reduced by the allowance for earned income shall not exceed either—

(*a*) a sum bearing to half the amount by which the total income (before deduction of the allowance for earned income) exceeds Rs. 4,200 the same proportion as such reduced total income bears to the unreduced total income ; or

(*b*) the income-tax payable on the income so reduced at the rates specified above whichever is less :

(iv) (*a*) no surcharge shall be payable on a total income, which before deduction of allowance, if any, for earned income, does not exceed the limit of Rs. 7,200 ;

(*b*) the surcharge payable shall in no case exceed half the amount by which the total income (before deduction of the said allowance, if any, for earned income) exceed the said limit.

(2) The rate of relief for "earned income" is, as before, one-fifth subject to a maximum of Rs. 4,000.

(3) No abatement is to be allowed by the persons responsible for paying the salary in respect of any donations for charitable purposes.

(4) For super-tax purposes, the basic rates prescribed continue to be as below :—

	Rate	Surcharge
1. On the first Rs. 25,000 of total income.	Nil	Nil
2. On the next Rs. 15,000 of total income.	Three annas in the rupee.	One-twentieth of the rate specified in the preceding column.
3. On the next Rs. 15,000 of total income.	Four annas in the rupee.	do
4. On the next Rs. 15,000 of total income.	Six annas in the rupee	do
5. On the next Rs. 15,000 of total income.	Seven annas in the rupee.	do
6. On the next Rs. 15,000 of total income.	Seven and a half annas in the rupee.	do
7. On the next Rs. 50,000 of total income.	Eight annas in the rupee.	do
8. On the balance of total income	Eight and a half annas in the rupee.	do

The distinction between earned and unearned income for charge of super-tax has been abolished from 1st April 1950.

2. As before rebate of *income-tax* on account of insurance premia, provident fund contributions, etc., is admissible up to a maximum of one-sixth of the total income *before* deduction of the allowance for earned income, or Rs. 6,000, whichever is less.

3. The following examples illustrate the manner of calculating the income-tax and super-tax (where due) :—

Example I—

Pay and allowances for the year—Rs. 4,220.

Under the third condition mentioned in para I (*i*) above, the income-tax payable on the total income as reduced by the allowance for earned income shall not exceed either—

(*a*) a sum bearing to half the amount by which the total income (before deduction of the allowance for earned income) exceeds Rs. 4,200 the same proportion as such reduced total income bears to the unreduced total income, or

(*b*) the income-tax payable on the income so reduced at the rates specified, whichever is less.

Tax payable on the basis of (a) above—

		Rs.
Total income (whole of which is being earned from salaries)	...	4,220
Deduct allowance for earned income (one-fifth of 4,220)	...	844
Taxable income	...	3,376

Half the excess over Rs. 4,222=20÷2=Rs. 10.
The proportionate tax payable on Rs. 3,376 would be Rs. 10×3,376/4,220 =Rs 8.

Tax payable on the basis of (b) above.

	Rs.	a.	p.
On the first Rs. 1,500	Nil		
On the next Rs. 1,876 (Rs. 3,376—1,500) at nine pies in the rupee.	87	15	0

In accordance with the condition quoted above, the income-tax actually recoverable in this case is on the basis of (*a*), which works out at a lower figure, *viz.*, Rs. 8 for the whole year.

The maximum rebate for insurance premia, provident fund contributions, etc., in the above example would be on Rs. 703, *i.e.*, one-sixth of Rs. 4,220. The rebate works out at Rs. 8×703/3,376 —Rs. 1-10-0, so that the net tax payable is Rs. 6-6-0.

Example II—

		Rs.
Pay and allowances for the year	...	4,400
Deduct allowances for earned income (one-fifth)	...	880
Taxable income	...	3,520

Tax on the basis of (a)—

Half the excess over Rs. 4,200=200÷2=100.
Proportionate tax payable on Rs. 3,520 would be Rs. 100×3,520/4,400= Rs. 80.

Tax on the basis of (b)—

	Rs.	a.	p.
On the first Rs. 1,500	Nil		
On the next Rs. 2,020	94	11	0
(No surcharge is leviable in this case.)			

In this case, the tax actually recoverable is Rs. 80-0-0 which is lower.

On incomes exceeding Rs. 4,200 but not exceeding Rs. 4,440 the tax on the basis of (*a*) works out at a lower figure and should be adopted, while in the case of incomes exceeding Rs. 4,440 tax should be calculated on the basis of (*b*).

Example III—

		Rs.
Monthly pay and allowance		600
Yearly income		7,200
Insurance Premia and Provident Fund Contribution ...		2,000
Total Income		7,200
Less allowance for earned income (one-fifth)		1,440
Taxable income ...		5,760

		Rate	Income-tax Rs.	a.	p.
On the first Rs. 1,500	...	Nil	Nil		
On the next Rs. 3,500	...	Nine pies in the rupee	164	1	0
On the next Rs. 760	...	One anna and nine pies in the rupee.	83	2	0
5,760			247	3	0

No surcharge leviable.

The rebate of income-tax in respect of insurance premia, provident fund contributions, etc., is restricted to the income-tax on one-sixth of the total income (before deduction of allowance for earned income). In this example, rebate can, therefore, be given in respect of insurance premia, etc., up to a maximum of Rs. 1,200 (one-sixth of Rs. 7,200). The maximum rebate works out to Rs. 51-8-0 as under:—

		Rs.	a.	p.
$\frac{247-3-0\times1,200}{5,760}$	=	51	8	0
Net tax payable for the year ...		195	11	0
Tax to be deducted monthly from salary ...		16	5	0

Example IV—

	Rs.
Monthly pay and allowance	602
Yearly income	7,224
nsurance premia and Provident Fund contributions ...	2,000
Total income	7,224
Less allowance for earned income (one-fifth)	1,445
Taxable income ...	5,779

		Rate	Income-tax		
			Rs.	a.	p.
On the first Rs. 1,500	...	Nil	Nil		
On the next Rs. 3,500	...	9 pies per rupee	164	1	0
On the next Rs. 779	...	9/1 pies per rupee	85	3	0
		Income-tax	249	4	0
Surcharge (limited to ½ the excess of total income over Rs. 7,200 *i.e.*, ½×24) or Rs. 12 which is less than 1/20th of tax Rs. 12-7-0.			12	0	0
		Total	261	4	0

The rebate in respect of insurance premia, provident fund contributions, will be admissible in respect of a maximum of Rs. 1,204 (one-sixth of Rs. 7,224). The maximum rebate works out at:—

		Rs.	a.	p.		Rs.	a.	p.
I.T. $\frac{2,49/4/-\times1,204}{5,779}$	$\frac{261-4-0\times1,204}{5,779}$ =	54	7	0	Income-tax	51	14	0
					Surcharge	2	9	0
	Net tax payable for the year.	206	13	0	Income-tax	197	6	0
					Surcharge	9	7	0
Sch. $\frac{12\times1,204}{5,779}$								
	Tax to be deducted every month	17	4	0	I.T.	16	8	0
					Sch.	0	12	0

Example V—

		Rs.
Monthly pay and allowance		620
Yearly income		7,440
Insurance premia, etc.		2,000
Total income		7,440
Less allowance for earned income		1,488
Total income ...		5,952

	Rate	Income-tax Rs.	a.	p.
On the first Rs. 1,500	Nil	Nil		
On the next Rs. 3,500 ...	Nine pies per rupee	164	1	0
On the next Rs. 952 ...	One anna and nine pies per rupee.	104	2	0
Rs. 5,952		268	3	0
Surcharge Rs. 13-6-0. (This is less than ½ the excess over Rs. 7,200, *i.e.*, Rs. 120.)		13	6	0
	Total ...	281	9	0

Rebate in respect of insurance premia will be on Rs. 1,240 (one-sixth of Rs. 7,440), which works out at—

	Rs.	a.	p.		Rs.	a.	p.
$\frac{281-9-0\times1,240}{5,952}$ ...	58	11	0	Income-tax	55	14	0
				Surcharge	2	13	0
Net tax payable for the year	222	14	0	Income-tax	212	5	0
				Surcharge	10	9	0
Tax to be deducted monthly from salary.	18	9	0	Income-tax	17	11	0
				Surcharge	0	14	0

Example VI—

		Rs
Monthly pay and allowances		1,250
Yearly income from salaries ...		15,000
Insurance premia and Provident Fund contribution ...		2,800
Total income		15,000
Less allowance for earned income (one-fifth) ...		3,000
Taxable income ...		12,000

	Rate	Income-tax Rs.	a.	p.
On the first Rs. 1,500	Nil	Nil		
On the next Rs. 3,500 ...	Nine pies per rupee	164	1	0
On the next Rs. 5,000 ...	One anna and nine pies per rupee.	546	14	0
On the next Rs. 2,000 ...	Three annas per rupee	375	0	0
Rs. 12,000	Income-tax ...	1,085	15	0
	Surcharge ...	54	5	0*
		1,140	4	0

*Equivalent to 18·24 pies in the rupee.

The rebate in respect of insurance premia, provident fund contributions, etc., is restricted to one-sixth of the total income (before deduction of allowance for earned income) and to Rs. 6,000 in the aggregate. In this example, rebate can be given up to a maximum of Rs. 2,500 (one-sixth of Rs. 15,000). The rebate works out at—

Rs. 1,140/4×2,500/12,000 (or 2,500×18·24 pice), *i.e.*, Rs. 237-8-0

	Rs.	a.	p.	Rs.	a.	p.
Income-tax	225	12	0	1,140	4	0
Surcharge	11	12	0	237	8	0
Net tax payable for the year ...	237	8	0	902	12	0
Income-tax to be deducted monthly from salary Rs. 860-3-0—12, *i.e.*, Rs. 71-11-0. I.T.				860	3	0
Surcharge to be deducted monthly from salary Rs. 42-9-0—12, *i.e.*, Rs. 3-9-0. Surcharge.				42	9	0

Example VII—

			Rs.
Monthly pay:	Salary: ...	...	1,200
	Dearness allowance ...	...	200
	Other allowances ...	...	100
			1,500
Total yearly income from salary ...		...	18,000
Value of rent free unfurnished residence at 10 per cent of pay and allowances (other than dearness allowance) ...			1,560
	Total income ...		19,560
Deduct earned income relief ...		...	3,912
Reduced total income ...	...	...	15,648

	Rate per rupee	Income-tax Rs. a. p.
On the first Rs. 1,500 ...	Nil	Nil
On the next Rs. 3,500 ...	9 pies	164 1 0
On the next Rs. 5,000 ...	1 anna 9 pies	546 14 0
On the next Rs. 5,000 ...	3 annas	937 8 0
On the balance Rs. 648 ...	4 annas	162 0 0
	Income-tax	1,810 7 0
	Surcharge at one-twentieth	90 8 0

Rebate on account of insurance premia, provident fund contribution, etc., limited to the maximum of Rs. 3,260 (one-sixth of Rs. 19,560.)

	Rebate Rs. a. p.	Net tax payable Rs. a. p.
Income-tax ... $\frac{3,260}{15,648} \times 1810\ 7\ 0$ ...	377 3 0	1,433 4 0
Surcharge ... $\frac{3,260}{15,648} \times 90\ 6\ 0$ ...	18 14 0	71 10 0
Monthly deduction from salary. Income-tax ...		119 7 0
Surcharge ...		5 15 0*

*The deficiency of six annas in surcharge may be added to the deductions to be made in any particular month or in the last month of the year.

Note:—In cases when the total income does not exceed Rs. 20,000 and is wholly earned and where the maximum rebate on a/c of life insurance, provident fund, etc., is admissible, the amount of rebate may be computed by applying the formula that it works at 5/24 of the income-tax and surcharge. Thus, in the above example Income-tax rebate on Rs. 3,260 is 5/24 of 1,810-7-0 = 377-3-0.

Surcharge rebate on Rs. 3,260 is 5/24 of 90-8-0 = 18-14-0.

It should be noted that this simplified calculation will not give correct results and should not be applied in cases other than those of the type mentioned above.

Example VIII—

		Rs.
Monthly pay and allowances ...	...	2,000
Total yearly income from salaries ...	...	24,000
Deduct allowance for earned income (maximum admissible) ...		4,000
Taxable income ...		20,000

	Rate (per rupee)	Income-tax Rs. A. P.
On the first Rs. 1,500 ...	Nil	Nil
On the next Rs. 3,500 ...	Nine pies	164 1 0
On the next Rs. 5,000 ...	One anna and nine pies ...	546 14 0
On the next Rs. 5,000 ...	Three annas	937 8 0
On the next Rs. 5,000 ...	Four annas	1,250 0 0
Rs. 20,000	Income-tax ...	2,898 7 0
	Surcharge ...	144 15 0
		3,043 6 0

Rebate on account of insurance premia, provident fund contributions, etc., admissible on a maximum of Rs. 4,000 (one-sixth of Rs. 24,000). 3,043-6-0 × 4,000, *i.e.*, Rs. 608 10 0
20,000

Income-tax Rs. 579 10 0
Surcharge Rs. 29 0 0
608 10 0

Net tax payable for the year ...	Income-tax Rs.	2,318 13 0
	Surcharge Rs.	115 15 0
Deduction from monthly salary ...	Income-tax Rs.	193 4 0
	Surcharge Rs.	9 10 0

Example IX—

	Rs.
Monthly pay: Salary:	2,000
Dearness allowances	200
Other allowances	300
	2,500
Total yearly income from salary, value of rent free furnished residence at 12½ per cent of pay and allowances (other than dearness allowance)	30,000 / 3,450
Total income ...	33,450
Deduct: Earned Income Relief: Maximum ...	4,000
Reduced total income ...	29,450

Calculation of Income-tax—

	Rate per rupee.	Income-tax Rs. A. P.
On the first Rs. 1,500 ...	Nil	Nil
On the next Rs. 3,500 ...	Nine pies	164 1 0
On the next Rs. 5,000 ...	One anna and nine pies	546 14 0
On the next Rs. 5,000 ...	Three annas	937 8 0
On the balance Rs. 14,450 ...	Four annas	3,612 8 0
		5,260 15 0
Surcharge at one twentieth ...		263 1 0

Rebate on account of insurance premia, provident fund contributions admissible on a maximum of Rs. 5,575 (one-sixth of Rs. 33,450).

	Rebate. Rs. A. P.	Net tax payable. Rs. A. P.
Income-tax ... $\frac{5,260\text{-}15\text{-}0}{29,450} \times 5,575$	995 15 0	4,265 0 0
Surcharge ... $\frac{263\text{-}1\text{-}0}{29,450} \times 5,575$	49 13 0	213 4 0
Monthly deduction from salary, is Income-tax	355 6 0	
(annas eight to be added to the deduction in any month to make up the deficiency). Surcharge	17 12 0	

(annas four to be added to the deduction in any month to make up the deficiency).

Calculation of Super-tax—

	Rate per rupee.	Super-tax. Rs. A. P.
On the first Rs. 25,000	Nil	Nil
On the next Rs. 8,450	Three annas	1,584 6 0
...		1,584 6 0
Surcharge at one-twentieth ...		79 4 0

Monthly deduction from salary.

Super-tax ...	132 0 0
(annas six to be recovered in excess in any one month). Surcharge ...	6 9 0

(annas eight to be recovered in excess to make up the deficiency).

Example X—

	Rs.
Monthly pay and allowances	3,500

Calculation of Income-tax—

Total income from Salaries		42,000
Less earned income allowance (maximum admissible) ...		4,000
Taxable income ...		38,000

	Rate (per rupee).	Income-tax Rs. A. P.
On the first Rs. 1,500 ...	Nil	Nil
On the next Rs. 3,500 ...	Nine pies	164 1 0
On the next Rs. 5,000 ...	One anna and nine pies ...	546 14 0
On the next Rs 5,000 ...	Three annas	937 8 0
On the next Rs. 23,000 ...	Four annas	5,750 0 0
Rs. 38,000	Income-tax	7,398 7 0
	Surcharge	369 14 0
		7,768 5 0

Maximum rebate admissible on insurance premia, etc., will be on Rs. 6,000 and works out at Rs. 7,768-5-0 × 6,000/38,000 *i.e.*, Rs. 1,226-10-0.

		Rs. A. P.
Income-tax Rs. 1,168 3 0 } Surcharge Rs. 58 7 0 } ...		1,226 10 0
Net income-tax payable	Income-tax	6,230 4 0
	Surcharge on Income-tax ...	311 7 0
		6,541 11 0
Monthly deduction from salary ...	Income-tax	519 3 0
	Surcharge of Income-tax ...	25 15 0

Calculation of Super-tax—

	Rate (per rupee).	Super-tax Rs. A. P.
On the first Rs. 25,000 ...	Nil	Nil
On the next Rs. 15,000 ...	Three annas	2,812 8 0
On the next Rs. 2,000 ...	Four annas	500 0 0
Rs. 42,000	Super-tax	3,312 8 0
	Surcharge n S.T. ...	165 10 0
Monthly deduction from salary	Super-tax	276 1 0
	Surcharge on S.T. ...	13 12 0

5. In cases where there has already been any excessive or deficient deduction the necessary adjustment can be made by the disbursing officer against payments made hereafter during the current financial year.

6. I am to request that the necessary instructions in this behalf may kindly be issued to all disbursing officers under your control.

Yours faithfully,

(K. L. MITTAL),
Deputy Secretary to the Government of India.

COPY FORWARDED TO:—

All Ministries of the Government of India; the Cabinet Secretariat; the Prime Minister's Secretariat; the Secretariat of the Development Board; the High Commissioner for India, London; Secretary to the Parliament of India; Secretary, Council of States; the Department of Parliamentary Affairs; the National Savings Commissioner; Partition Secretariat; Military Secretary to the President; Private Secretary to the President; Secretary, Planning Commission; Registrar,

Supreme Court of India; the Union Public Service Commission; the Secretary, the Red Cross Commissioner, India; International Labour Officer, India Branch, New Delhi; the Director of Audit Defence Service; the Comptroller, and Auditor-General of India; all Accountants-General and Comptrollers; the Deputy Accountants-General, P. & T.; and the Accountant-General, Posts and Telegraphs; the Accounts Officer, Telegraphs Check Office, Calcutta; all Commissioners of Income-tax; Director of Inspection (Income-tax); Director of Inspection; Investigation Secretary, Income-tax Investigation Commission.

Dated 21st November 1953.

No. Fl. (B) 11679—C.R. 4-53-43. In exercise of the powers conferred by the proviso to Article 309 read with Article 313 of the Constitution of India, the Rajpramukh of Mysore is pleased to make the following further amendments to the Mysore Services Regulations, namely :—

In the said Regulations, the following shall be added as an Exception under Article 294, namely :—

"*Exception* :—In the case of Government servants in inferior service whose services are treated as non-pensionable, the restriction regarding the age at which their services should be terminated will not apply."

By order and in the name of the Rajpramukh,

6109

Notification dated 23rd November 1953.

No. Fl (B) 11732—C.R. 4-53-44. In exercise of the powers conferred by the proviso to Article 309, read with Article 313 of the Constitution of India, the Rajpramukh of Mysore is pleased to make the following further amendments to the Mysore Services Regulations, namely,—

In the said Regulations, in Appendix 'F' the following shall be substituted in lieu of the existing serial No. 49, namely,—

"49. Secretary to Chief Minister".

By Order and in the name of the Rajpramukh,

N. MADHAVA RAO,
Secretary to Government,
6145 *Finance Department.*

HOME, FOREST AND AGRICULTURE SECRETARIAT

Notification dated 24th November 1953.

No. M. 13303—G.M. 30-53-2. It is directed that in supersession of G.O. M.S. No. 2858, Public Political—B.—dated 9th December 1952, regarding Public Holidays notified by the Government of Madras, the undermentioned Public Holiday for 1953, in Mysore State will be observed in Bellary District also with immediate effect.

General Holidays.

1. Friday, 25th December 1953, Christmas.

By Order and in the name of the Rajpramukh,

6149

Notification dated 23rd November 1953.

No. M. 13292—G.M. 30-53-1. The Government of Mysore are pleased to direct that the Standing Order No. M. 8203-303—G.M. 41-50-1 dated 10th August 1950, be extended to Bellary District, with immediate effect and that all Public offices in Bellary District also be held from 8 A.M. to 12 NOON on Saturdays and will not be closed on Penultimate Saturdays.

By Order and in the name of the Rajpramukh,

D. J. BALARAJ,
Secretary to Government,
6144 *Home, Forest and Agriculture Departments.*

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